

No. 14935

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

LAURENCE MASSA,

Appellant,

vs.

JEFFY PRODUCTS Co., Inc.,

Appellee.

BRIEF ON BEHALF OF APPELLEE.

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BRIEF ON BEHALF OF APPELLEE.

Preliminary Statement.

The appellant Laurence Massa has appealed from a default judgment entered against him in favor of appellee—cross-complainant Jiffy Products Co., Inc. [R. 100, 101.] No motion to vacate the default nor to set aside the default judgment was made by the appellant. The plaintiff Jetco, Inc., not a party to this appeal, did file a motion to vacate and set aside the default judgment.

The appellee-defendant Jiffy Products Co., Inc., filed its counterclaim against the plaintiff Jetco, Inc., seeking declaratory relief with respect to patent infringement and to have the trade-mark registration relating to the trade-mark “Jiffy” canceled in the Patent Office. It was necessary to bring in the appellant-cross-defendant Laurence Massa because of the contradictory allegations under oath of the appellant Laurence Massa in the verified pleadings and in his deposition concerning the ownership of the patent and of the trade-mark.

Statement as to Jurisdiction.

The complaint was filed by the plaintiff Jetco, Inc., in the Superior Court of the State of California, in and for the County of Los Angeles [R. 3-10], and was transferred to the United States District Court. The first count was for unfair competition and the second count was for the infringement of Trade-mark Registration No. 528,058 directed to the trade-mark "Jiffy." The District Court had jurisdiction under the Trade-mark Act of 1946, Public Law 489, 79th Congress, Chapter 540, Second Session, Secs. 37, 38, and 39 of Title VI (15 U. S. C. 1119, 1120, and 1121). It was also alleged that the District Court had jurisdiction by virtue of the fact that the defendant and cross-complainant Jiffy Products Co., Inc., was a Texas corporation. Jurisdiction also resided in the District Court under the doctrine of this Court as laid down in *Stauffer et al. v. Exley* (C. C. A. 9, 1950), 184 F. 2d 962, 87 U. S. P. Q. 40, both parties being engaged in interstate commerce.

In the United States District Court, the defendant Jiffy Products Co., Inc., appellee here, filed a counterclaim [R. 23-36], the first cause of action of which [R. 23-30] sought declaratory relief with respect to its alleged infringement of the patent 2,319,464 then believed and admitted to be owned by the plaintiff Jetco, Inc., and which covered the digging tooth forming the subject matter of the unfair competition and trade-mark counts of the complaint. The second cause of action of the counterclaim sought to have Trade-mark Registration 528,058, then believed and admitted to be owned by the plaintiff Jetco, Inc., canceled by the Commissioner of Patents.

The District Court had jurisdiction of the action for declaratory relief with respect to patent infringement

under the patent laws of the United States, Title 35, U. S. C., Sec. 281. Being a declaratory relief action, jurisdiction also depended upon 28 U. S. C., Sec. 2201. The jurisdiction of the District Court as to the second count depended upon the Trade-mark Act of 1946, Public Law 489, 79th Congress, Chapter 540, Second Session, and in particular upon Sections 37, 38 and 39 of Title VI of said Act (15 U. S. C. 1119, 1120 and 1121).

Counts one and two of the cross-complaint against the appellant here are substantially identical in subject matter to counts one and two of the counterclaim and the District Court had jurisdiction of the subject matter under the same provisions of the law. The District Court had jurisdiction of the cross-defendant Laurence Massa, the appellant here, under the provisions of Federal Rules of Civil Procedure, Rules 19 and 20.

The jurisdiction of this Court resides by reason of the fact that an appeal has been taken from the default judgment by the cross-defendant Massa [R. 100].

This is the third time this case has been before this Court. The other appeals brought by the plaintiff Jetco, Inc., of which Mr. Massa, the appellant here, was president, were summarily dismissed upon motion.

Statement of Case.

The Facts.

The original complaint [R. 3-10] filed by the plaintiff Jetco, Inc., against the defendants, including the appellee Jiffy Products Co., Inc., contained two causes of action. The first cause [R. 3-7] sounded in unfair competition based upon the alleged use by appellee of the trade-mark "Jiffy" alleged to be the property of the plain-

tiff by assignment from Laurence Massa. The second cause of action [R. 7-10] sounded in trade-mark infringement based upon the alleged infringement by appellee, and the other defendants, of United States Trade-mark Registration 528,058 covering the trade-mark "Jiffy" alleged to be the property of the plaintiff by assignment from Laurence Massa. It was alleged that the defendant appellee Jiffy Products Co., Inc., and the other defendants selling its products, had applied that trade-mark to digging teeth adapted to be used in connection with trenchers, draglines, shovels, buckets, etc.

Upon the action being transferred to the United States District Court, the defendants, including the appellee Jiffy Products, Co., Inc., answered the complaint [R. 11-23] and appellee also filed a counterclaim [R. 23-36] against the plaintiff Jetco, Inc.

The first cause of action of the counterclaim sought declaratory relief relative to patent infringement and related to United States Letters Patent 2,319,464 directed to the same digging tooth to which the trade-mark "Jiffy" was applied. The patent was alleged to be the property of the plaintiff Jetco, Inc., by virtue of an assignment from Laurence Massa [R. 24, par. 5], and the plaintiff Jetco, Inc., had alleged infringement by the defendant-counterclaimant Jiffy Products Co., Inc. [R. 24, par. 5]. The second cause of action in the counterclaim sought the judgment of the Court that Trade-mark Registration 528,058 directed to the trade-mark "Jiffy," alleged to be assigned by Laurence Massa to the plaintiff Jetco, Inc., should be canceled by the Commissioner of Patents and a new registration issued to show the rights of the defendant-counterclaimant Jiffy Products Co., Inc., therein

[R. 30-34]. The third cause of action sought damages from the plaintiff Jetco, Inc., for its violations of the rights of the defendant Jiffy Products Co., Inc., in the trade-mark "Jiffy" [R. 34, 35].

The answer of the plaintiff Jetco, Inc., to the counterclaim admitted that United States Letters Patent 2,319,464 was its property [R. 37, par. III], and admitted ownership of Trade-mark Registration 528,058 through failure to deny [R. 37, 38, pars. IV-VII], a position consistent with paragraph III of the second cause of action of the complaint itself [R. 8] which alleged:

"That on or about the 2nd day of January, 1950, the said Laurence Massa did assign all his right, title and interest in and to said trade-mark 'Jiffy' to the plaintiff herein and the said plaintiff herein ever since that time has been and now still is the owner of the trade-mark 'Jiffy.' "

The answer to the third count of the counterclaim [R. 38, 39] denied counterclaimant's right to damages for violation of its rights in the trade-mark "Jiffy."

Plaintiff's complaint was verified by its president Laurence Massa, the appellant here.

On November 24, 1952, the deposition of the appellant Laurence Massa was taken [R. 67-69] and confusion developed concerning the ownership of the patent 2,319,464, of the trade-mark "Jiffy," and of the Trade-mark Registration 528,058. Mr. Massa under oath testified in diametric opposition to the verified statement of the complaint concerning the ownership of the trade-mark and its registration [R. 5, par. VIII] and to the statement of the plaintiff's answer to the counterclaim admitting owner-

ship of Letters Patent 2,319,464 [R. 37, par. III]. In his deposition Mr. Massa stated under oath [R. 67-69]:

“A. . . . I have been the owner (of patent 2,319,464) ever since it was issued, the owner ever since the beginning . . .

* * * * *

“A. I haven’t conveyed title to anybody, no, sir. . . . It is my property.” [R. 67.]

* * * * *

“Q. Did you ever assign the trade-mark ‘Jiffy’ to Jiffy Excavator Tool Company (earlier name of plaintiff Jetco, Inc.)? A. No, to nobody.

* * * * *

“Q. You are still the owner of the trade-mark ‘Jiffy?’ A. Yes.

* * * * *

“Q. And now, as president of Jetco, Inc., is it your position that Jetco, Inc., has exclusive right to use the name ‘Jiffy’ for Jiffy digging teeth, or points for use with excavators? A. Well, now, Mr. Fairfield, should I answer? Now, listen to this, here is the point. I licensed them. You may call it assigned, or give title, but I didn’t give the title. I just licensed them . . .

* * * * *

“Q. Then you are the owner? A. I am the owner. Sure. I am.” [R. 68, 69.] (Parenthetical matter inserted.)

The defendant-counterclaimant-appellee Jiffy Products Co., Inc., simply could not be certain who owned the patent or the trade-mark. There were diametrically opposed allegations under oath in the complaint and in the deposition. That the confusion produced by the divergent

allegations to ownership will be clearly before the Court, the following is called to attention:

- (a) Trade-mark "Jiffy" alleged to be owned by plaintiff Jetco, Inc., in verified complaint at count one, paragraph VIII [R. 5].
- (b) Laurence Massa, who verified the complaint, stated under oath that he individually owned the trade-mark [R. 68, 69].
- (c) Registration of trade-mark "Jiffy" alleged to be owned by plaintiff Jetco, Inc., in verified complaint at count two, paragraph III [R. 8].
- (d) Laurence Massa stated under oath in his deposition that he personally owned the mark [R. 68, 69].
- (e) Ownership of Massa patent 2,319,464 alleged to be in Jetco, Inc., in complaint of infringement action brought in the same District Court where it is identified as No. 14298-WM, during pendency of the present suit [R. 71-73, particularly par. VI].
- (f) Patent 2,319,464 admitted to be the property of the plaintiff Jetco, Inc., in its answer to the counterclaim [R. 37, par. III].
- (g) Laurence Massa, the president of Jetco, Inc., stated under oath in his deposition in this case that he personally owned patent 2,319,464 [R. 67, 68].

In order to make certain that the proper parties would be before the Court, the defendant-counterclaimant sought permission from the Court to bring in Laurence Massa as a party defendant [R. 39-42] and the Court granted its order adding Mr. Massa as a third party defendant [R. 43, 44]. After Mr. Massa was before the Court, it seemed that he more properly should be identified as a

cross-defendant rather than as a third party defendant although the matter was not entirely clear, for possibly Mr. Massa as licensor of the plaintiff as to the patent and the trade-mark could stand in the position of a third party defendant. Upon the motion of the defendant Jiffy Products Co., Inc. [R. 80-84], the Court consented to the identification of Laurence Massa as a cross-defendant and the re-identification of the third party complaint against him as a cross-complaint [R. 94, 95].

The cross-complaint against the cross-defendant—appellant Laurence Massa [F. 44-66] in its first cause of action was substantially identical to the first cause of action of the counterclaim but named Laurence Massa as the owner of the patent [R. 45, par. V]. The second cause of action was basically the same as the second cause of action of the counterclaim and sought to have Trade-mark Registration 528,058 canceled by the Commissioner of Patents. It was just as important to have the proper owner of the trade-mark registration before the Court as it was the proper owner of the patent and it apparently was either Jetco, Inc., or Laurence Massa, depending upon which statement one elected to accept.

The appellant Laurence Massa answered the cross-complaint but later failed and refused to answer interrogatories as ordered by the Court. His answer was stricken and judgment was entered for the appellee [R. 99, 100]. No motion to vacate the default was filed and no motion to set aside the default judgment was made on behalf of the appellant.

APPELLEE'S ARGUMENT.

The Reason for the Cross-Complaint.

Appellee had only one reason for filing a cross-complaint against the cross-defendant—appellant Laurence Massa. That reason comprised the fact that it could not determine whether appellant Laurence Massa or the plaintiff Jetco, Inc., owned the patent 2,319,464 and the trade-mark registration relating to “Jiffy” which were properly made counts one and two of the counterclaim. If piecemeal litigation were to be avoided with certainty it was necessary to bring both these parties into the action relating to the patent and to the trade-mark so that the adjudication of the rights of the parties would be effective and conclusive.

The appellant in his argument on page 7 says that the “guiding light is that all parties must have an interest in the determination of the same issue.” In view of the confusion which the appellant created as to ownership rights it would appear that he was in no position to complain if the appellee chose to protect itself and brought before the Court the various parties he personally had sworn held ownership rights, and therefore “interests,” in the subject matter involved. He created the confusion but seeks to avoid its logical results.

The plaintiff Jetco, Inc., did finally amend its answer to the counterclaim and did withdraw its second cause of action in its complaint sounding in trade-mark infringement, but those steps in no way altered the fact that the two counts of the counterclaim relating to the patent and to the trade-mark remained and remain pending and unsettled as of this time. The first and second counts of the counterclaim and the first and second counts of the cross-complaint are directed to the same issues.

POINT I.

Laurence Massa Is a Proper Cross-Defendant.

Appellant under Point I argued that Laurence Massa is not a proper cross-defendant because he does not have a “joint interest” with the plaintiff Jetco, Inc., and in this connection cites Federal Rules of Civil Procedure, Rule 19(a).

The appellant, however, does not call attention to Federal Rules of Civil Procedure, Rule 19(b) which reads in part as follows:

“When persons who are not indispensable, but who ought to be parties if complete relief is to be accorded between those already parties, have not been made parties and are subject to the jurisdiction of the court as to both service of process and venue and can be made parties without depriving the court of jurisdiction of the parties before it, the court shall order them summoned to appear in the action.”

The appellant also fails to call attention to Federal Rules of Civil Procedure, Rule 20(a) which reads as follows:

“All persons may join in one action as plaintiffs if they assert any right to relief jointly, severally, or in the alternative in respect of or arising out of the same transaction, occurrence, or series of transactions or occurrences and if any question of law or fact common to all of them will arise in the action. All persons may be joined in one action as defendants if there is asserted against them jointly, severally, or in the alternative, any right to relief in respect of or arising out of the same transaction, occurrence, or series of transactions or occurrences and if any question of law or fact common to all of them will arise

in the action. A plaintiff or defendant need not be interested in obtaining or defending against all the relief demanded. Judgment may be given for one or more of the plaintiffs according to their respective rights to relief, and against one or more defendants according to their respective liabilities.”

The lower court believed that the appellant Laurence Massa should be brought into the case, for it was undetermined and uncertain where the title to the patent and to the trade-mark registration actually resided. Under the provisions of the above rules the Court did not abuse its discretion in so determining and its order [R. 43, 44] was proper.

The appellant cites the case of *Brody v. Charles I. Hubbs & Co.*, 11 F. R. D. 337, as being “precisely in point.” A reading of the case indicates that the case is substantially without relevancy. In that case the first cause of action sounded in trade-mark infringement and the second cause of action in unfair competition. The fact that the plaintiff was a licensee under a patent was referred to in the second cause of action. The plaintiff was the owner of the trade-mark. The Court held that the second cause of action was in fact for unfair competition, struck out all reference to patent infringement, and held that the patent owner was not an indispensable party or even a necessary party.

In the present case the question of patent infringement is present. The question of trade-mark infringement and cancellation are present. The ownership of the patent and the trade-mark are both in doubt and resides

either in the plaintiff Jetco, Inc., or the cross-defendant Laurence Massa. Federal Rules of Civil Procedure, Rule 20(a) clearly provides that in such a case in which the relief sought may be "in the alternative" the party Laurence Massa could be brought before the Court.

Additionally, if the appellant Massa owns the patent and the plaintiff Jetco, Inc., is merely his licensee, as appellant testified [R. 67], it is proper to bring in Massa as holder of the title to the patent under the provisions of Federal Rules of Civil Procedure, Rule 19(a). Under the decisions the presence of Mr. Massa, as title holder of the patent of which the plaintiff—counter-defendant Jetco, Inc., was the licensee, was essential. Judge Mathes said in *Fluorescent Fabrics, Inc. v. Gantner & Mattern Company, et al.* (D. C., S. D., Cal., 1950), 86 U. S. P. Q. 67:

" . . . a patent owner retaining under an exclusive license control of actions to protect the patent from infringement is an indispensable party to an action against the licensee by an alleged infringer seeking a judgment declaring the patent invalid and not infringed."

See also, in this connection:

Waterman v. Mackenzie, 138 U. S. 252;

Technical Tape Corporation v. Minn. Mining & Mfg. Co. (1955), D. C., S. D., N. Y., Circuit Judge Lombard, 135 Fed. Supp. 505, 108 U. S. P. Q. 114;

Alamo Refining Company v. Shell Development Company, et al. (D. C., S. D., Del., 1951), Chief Judge Leahy, 99 Fed. Supp. 790, 90 U. S. P. Q. 326.

POINT II.

The First Cause of Action in the Cross-Complaint Properly Sets Forth a Claim in Which the Cross-Complainant Seeks Declaratory Relief With Respect to Patent Infringement.

Under the Federal Rules of Civil Procedure, there is no requirement that a cause of action set forth facts "sufficient to constitute a cause of action." Instead today it is only necessary that a claim be asserted.

Federal Rules of Civil Procedure, Rule 8(a) provides in part:

"(a) Claims for Relief. A pleading which sets forth a claim for relief, whether an original claim, counterclaim, cross-claim, or third-party claim, shall contain (1) a short and plain statement of the grounds upon which the court's jurisdiction depends . . . (2) a short and plain statement of the claim showing that the pleader is entitled to relief . . ."

Old equity Rule 25 required

"a short and simple statement of the ultimate facts upon which the plaintiff asked relief, omitting any mere statement of evidence."

That requirement was consistent with the rules of pleading in many states. The California Code of Civil Procedure, Section 426, requires a "statement of the facts."

Federal Rule 8, however, contains no such requirement and it is not necessary to plead facts sufficient to constitute a cause of action in setting forth a claim.

Moore's Federal Practice at page 1648, Volume 2, clearly states:

"There is no requirement that the pleading state 'facts,' or 'ultimate facts,' or 'facts sufficient to constitute a cause of action.'"

and cites numerous decisions supporting this statement which is now recognized and generally accepted by pleaders in the Federal Court. Decisions supporting this statement are the following:

Clark, C. J., in *Dioguardi v. Durning* (C. C. A. 2d, 1944), 139 F. 2d 774, 7 F. R. Serv. 8a.25, Case 7, followed in *Calabrese v. Chiumento* (D. N. J. 1944), 8 F. R. Serv. 8a.25, Case 1, 3 F. R. D. 435; *Klages v. Cohen* (E. D., N. Y., 1945), 9 F. R. Serv. 8a.25, Case 4; *Bach v. Quigan v. Traubner* (E. D., N. Y., 1945), 9 F. R. Serv. 13e.4, Case 1, 5 F. R. D. 34; *Dennis v. Village of Tonka Bay* (C. C. A. 8th, 1945), 151 F. 2d 411, 9 F. R. Serv. 8a.25, Case 5.

Under his Point II at page 10 in the first paragraph, the appellant makes the novel contention that in order to be entitled to declaratory relief with respect to patent infringement there must be an allegation "that the pleader is an infringer of the patent." Very obviously this would not be desirable where the party seeking declaratory relief seeks to have the court hold that it is not an infringer and/or that the patent is invalid.

In the cross-complaint [R. 44-65] the first cause of action alleges at paragraph II [R. 45] that:

" . . . there is an actual controversy now existing between third party plaintiff (cross-complainant) and third party defendant (cross-defendant) with respect to which the third party plaintiff (cross-complainant) needs a declaration of its rights by this Court."

Paragraph IV recites:

"Third party plaintiff (cross-complainant) brings this third party complaint (cross-complaint) on its

own behalf, it having been charged by the third party defendant (cross-defendant) with infringement of a patent, as hereinafter more fully appears.” [R. 45.]

Paragraph V of the cross-complaint [R. 45, 46] recites in part:

“ . . . At a time within the last six years, third party defendant (cross-defendant) stated to a customer of this third party plaintiff (cross-complainant) that excavating teeth made by this third party plaintiff (cross-complainant) comprised an infringement of said Letters Patent.” [R. 46.]

Paragraph VI of the cross-complaint [R. 46] clearly recites the controversy and in the following words:

“Third party plaintiff (cross-complainant) believes and therefore avers that it has not infringed and does not infringe Letters Patent No. 2,319,464 or any claim thereof, while third party defendant (cross-defendant) contends and alleges that third party plaintiff (cross-complainant) does infringe said patent by its manufacture and sale of excavating teeth.”

Paragraph VIII of the cross-complaint [R. 50] reads in part as follows:

“Third party plaintiff (cross-complainant) believes and therefore avers that it has not infringed and is not infringing said Letters Patent 2,319,464 upon the grounds:

(a) That the construction which it makes and sells does not fall within the purview of the claims of said patent.”

It is believed that the foregoing quoted portions of the cross-complaint clearly set forth a controversy between the

cross-complainant and the cross-defendant constituting a justiciable claim under the Federal Rules of Civil Procedure.

In *Fluorescent Fabrics, Inc. v. Gantner & Mattern Company, et al.* (D. C., S. D., Cal., 1950), 86 U. S. P. Q. 67, Judge Mathes said:

“ . . . in an action brought by an alleged infringer of a patent for a declaration of invalidity and non-infringement of the patent, and for injunctive and monetary relief from unfair competition, an ‘actual controversy’ is presented if the patent owner has made statements to the trade that his patent is being infringed by a line of goods whether or not the identity of the alleged infringer is known when the statements are made [28 U. S. C., Sec. 2201; *Dewey & Almy Chemical Co. v. American Anode, Inc.*, 137 F. 2d 68 [58 U. S. P. Q. 456] (3d Cir., 1943), cert. den. 320 U. S. 761 [59 U. S. P. Q. 495] (1943); *Treemond v. Schering Corp.*, 122 F. 2d 702 [50 U. S. P. Q. 593] (3d Cir., 1941)]; . . . ”

In support of his Point II the appellant relies upon the decision *Treemond v. Schering* (C. C. A. 3rd, 1941), 122 F. 2d 702, 50 U. S. P. Q. 593. Appellee is entirely content to accept the rule of that case. The Court's close consideration is respectfully requested.

As appellee reads the *Treemond v. Schering* case, the Court of Appeals held diametrically opposite to that which the appellant contends it held. In that case according to the Court of Appeals:

“The learned District Judge dismissed the complaint for the reasons that (1) since the plaintiff alleged that it was not infringing defendant's patent, no actual controversy existed; (2) the plaintiff did

not allege that it had been given notice of the claimed infringement, and (3) the notice in the trade publication was made in good faith and therefore could not give rise to a cause of action.”

Relative to this holding of the lower court, the Court of Appeals stated:

“Such a construction of the Federal Declaratory Judgments Act would, in our opinion, destroy its entire usefulness in patent litigation.”

It also said:

“We think that Professor Borchard has answered both points made by the learned District Judge in such convincing fashion that it is hardly necessary for us to do more than quote what he has to say. In speaking of the failure of a plaintiff to assert infringement and in criticizing the case, principally relied on by the court below, he has this to say:

“The decisions in several recent cases seem to be erroneous. In the case of *New Discoveries v. Wisconsin Alumni Research Foundation*, the plaintiffs were the owners of several patent processes for the manufacture of Vitamin D, and were engaged in the business of selling licenses therefor. The defendants were the owners of allegedly conflicting patents and had threatened the plaintiff and its licensees that they would infringe on defendant’s patents and would be liable in damages if they dealt in the article manufactured or about to be manufactured by the plaintiff. But on the ground that the plaintiff had not asserted that he or its licensees were actually using the processes in issue and thus already infringing, District Judge Stone considered the case academic or hypothetical, and dismissed the complaint. This seems altogether too narrow a view of justiciability. Contrary to the Judge’s opinion, the fact

that defendant notified the plaintiff and its licensees that the use of plaintiff's processes, licenses for which were under current sale, would infringe on defendant's patents, presented an "actual controversy" concerning the validity of the plaintiff's and defendant's processes. The many later cases in the Circuit Court of Appeals fortify this conclusion.' "

The Court of Appeals in the *Treemond v. Schering* case also said:

"There can be no doubt that an 'actual controversy' does not exist until the patentee makes some claim that his patent is being infringed. The claim need not be formally asserted; nor should it be necessary that notice be given directly to the plaintiff. Aside from the cases cited in the opinion of the learned District Judge direct notice has not been stressed. In fact, declaratory actions have been maintained within our own Circuit where the only allegation of notice was that given to the plaintiff's customers."

The Court of Appeals reversed the judgment of the District Court.

This *Treemond v. Schering* case is frequently cited and was referred to by Judge Mathes in the *Fluorescent Fabrics, Inc. v. Gantner & Mattern Company, et al.*, case referred to above.

The appellant refers on page 12 of his brief to the *New Discoveries v. Wisconsin Alumni* case, 13 Fed. Supp. 596. This case was referred to by Professor Borchard and his disapproval quoted in the *Treemond v. Schering* case. The appellant here has called to attention the case *Bettis v. Patterson-Ballagh Corp.* (D. C., S. D., Cal., 1936), 16 Fed. Supp. 455, 31 U. S. P. Q. 73, decided by Judge Yankwich. That case was one of the "several recent cases

(which) seem to be erroneous” referred to by Professor Borchard and was so identified in a footnote in the *Tree-mond v. Schering Corp.* case.

Appellant particularly called attention to the *Bettis v. Patterson-Ballagh Corp.* case which was decided in 1936, that is, some two years prior to the effective date of the Federal Rules of Civil Procedure. In that case Judge Yankwich said:

“It follows that the amended and supplemental Bill of Complaint does not state facts to constitute a cause of action for declaratory or other relief.”

As discussed above, under the Federal Rules of Civil Procedure it is today not necessary to state such facts but only a claim.

That there exists an actual controversy between the owner of the patent and the appellee here is believed clear, and that a claim has been set forth in the cross-complaint also seems clear.

POINT III.

The Judgment Entered in Favor of Cross-Complainant Is Valid.

The position of the appellant appears to be that the judgment in the favor of the cross-complainant is void because the Court did not, in its discretion, see fit to hold hearings to establish the truth of the averments of the cross-complaint.

The cross-defendant Laurence Massa, the appellant here, appeared in the action and filed an answer. He refused, however, to comply with the order of the Court to answer interrogatories and, upon motion duly made, his answer was stricken and a default judgment was obtained [R. 99, 100].

Federal Rules of Civil Procedure, Rule 55(b)(2) provides:

“In all other cases the party entitled to a judgment by default shall apply to the court therefor; . . . If, in order to enable the court to enter judgment or to carry it into effect, it is necessary to take an account or to determine the amount of damages or to establish the truth of any averment by evidence or to make an investigation of any other matter, the court may conduct such hearings or order such references as it deems necessary and proper and shall accord a right of trial by jury to the parties when and as required by any statute of the United States.”

That rule places no burden upon the Court to conduct hearings but instead places the matter within its discretion with the words “the court may conduct such hearings or order such references as it deems necessary and proper.” The court below did not deem it necessary that any hearing be held to hand down a judgment which did not involve damages and which did not require an accounting. The appellant here made no motion to set aside the default and took no steps to have the default judgment vacated.

The appellant now complains that he did not have his day in court and seeks to avoid the results of his own default.

The position of the appellant that despite the fact all the well-pleaded, directly stated averments of the cross-complaint are accepted as true the appellee should be under the burden of proving their truth is simply not in accordance with the law. To support his position the appellant refers to certain presumptions which would place the

burden of proof upon a litigant seeking to have a patent held invalid or a trade-mark registration canceled. In the present case, however, by virtue of the default the well-pleaded allegations are accepted as proven.

There is no burden upon the party taking a default judgment to present evidence and this fact was clearly held in *United States v. Borchers* (C. C. A. 2d, 1947), 163 F. 2d 347, certiorari den., 68 S. C. 108, 332 U. S. 811, 92 L. Ed. 389. In that case Judge August N. Hand said:

“Moreover, as we understand the language of Rule 55(b)(2), it does not appear that testimony had to be presented to obtain a judgment by default. The opinion of the Supreme Court in *Baumgartner v. United States*, 322 U. S. 655, 64 S. C. 1240, 1243, 88 L. ed. 1525, holding that ‘proof to bring about a loss of citizenship must be clear and unequivocal’ was not uttered in relation to default judgments. As to such judgments the default of defendants who have been personally served may well take the place of ‘clear and unequivocal’ evidence required had the case gone to trial.”

Barron & Holtzoff, Volume 3, page 50, says in connection with defaults:

“The allegations of the complaint except as to the amount of damages, are taken as true.” (Citing *Northwestern Yeast Co. v. Broutin* (C. C. A. 6th, 1943), 133 F. 2d 628.)

The admitted allegations of the cross-complaint comprise the proof which the appellant seeks.

The matter was one which rested in the discretion of the Court and in the exercise of that discretion the Court

did not deem it necessary to receive testimony, there being no necessity for an accounting and no money damages being given.

Conclusion.

The appeal should be dismissed, for it is without merit. Costs and attorneys fees for the appellee are sought and seem clearly to be justified in view of the fact that the entire confusion and much unnecessary litigation are to be laid directly at the appellant's doorstep.

Respectfully submitted,

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